

## Corporate governance report – United Kingdom

The U.K. Corporate Governance Code, issued in September 2012, supersedes the U.K. Corporate Governance Code issued in June 2010. It follows a review by the Financial Reporting Council of the implementation of the code in 2008 and subsequent consultation on possible amendments to the code.

We substantially comply with all recommendations of the combined code except for the following :

1. **Code A.1.2 and 4.1 – Appointment of senior independent director** – The Company had a lead independent director between May 2003 and August 2011. This position was primarily created since the Board Chair was occupied by one of our founder directors. From August 2011 onwards, the Company has an Independent Board Chair. Hence, we no longer require a Lead Independent Director, as the Independent Board Chair is by default the lead independent director.
  2. **Code B.1.1 – Board balance and independence** – The independent directors annually affirm their independence as per the definition of the Indian and U.S. listing rules. The Board of Directors also annually determine the independence of these directors. The local listing rules also prescribe a maximum tenure of nine years for an independent director to serve on a company's board. The rule was effective January 2006. None of our independent directors have served for more than nine years from the date of the rule becoming effective.
  3. **Code B.2.4 – Appointments to the Board** – The nominations committee of the Board of Directors is responsible for overseeing the Company's nomination process for the top-level management positions and to identify, screen and recommend to the Board individuals qualified to serve as executive directors, non-executive directors and independent directors consistent with the criteria approved by the Board. The nominations committee believes that sound succession planning of senior leadership is the most important ingredient for creating a robust future for the Company. Therefore, the Committee has adopted a rigorous process to ensure that the Board selects the right candidates for senior leadership positions. The Company does not appoint external search consultants nor openly advertises for the appointment of its Chairman or non-executive directors.
  4. **Code B.4.1 – Induction on joining the Board** – All new non-executive directors inducted into the Board are given an orientation. Presentations are made by various executive directors giving an overview of our operations to familiarize the new non-executive directors with the operations. The new non-executive directors are given orientation on our services; group structure and subsidiaries; our constitution; Board procedures and matters reserved for the Board, our major risks and risk management strategies.
- The Board's policy is to have separate meetings regularly with independent directors to update them on all business-related issues and new initiatives. In such meetings, the executive directors and other members of the senior management make presentations on relevant issues.
5. **Code B.6.2 – Evaluation of Board** – The Company is not listed on the London Stock Exchange and is not part of FTSE 350. However, the compensation committee of the Company, along with the CEO, reviews the performance of all the executive directors and senior management each quarter, on the basis of detailed performance parameters set for each of the executive directors at the beginning of the year. The compensation committee may from time to time, also evaluate the usefulness of such performance parameters, and make necessary amendments. The Board evaluates the performance of non-executive directors through a peer-evaluation process every year.
  6. **Code D.1.2 – Remuneration Policy** – The Company has a policy to allow its executive directors to serve on the boards of two other business entities with the prior consent of the Chairperson of the Board of Directors. Remuneration earned by virtue of such board membership is retained by the directors concerned.
  7. **Code E.1.1. and E.1.2 – Relations with Shareholders** – The CEO, CFO, members of the Executive Council and the Investor Relations team meet investors on a regular basis to understand their views and perspectives. The Company also has a practice of conducting analyst meets both in India and overseas. Views obtained from investors / analysts during the course of such meetings are communicated to the Board of Directors at the ensuing Board meeting. As a policy, we do not differentiate between small and major investors. Non-executive directors do not meet with large investors as required under the code.